



Child Support Directors Association of California

September 24, 2004

CPR Commissioner
California Performance Review
1400 10th Street
Sacramento, CA 95814
Attn: Stephanie Dougherty

RE: CSDA Response to CPR Recommendations

Dear Commissioner:

The Child Support Directors Association of California (CSDA), representing nearly 10,000 California child support professionals, has taken a formal position to oppose CPR recommendation HHS 03 which calls for the privatization of local child support services. Briefly, CSDA is on record with the Commission suggesting that prior to embarking on the path to privatization, the Administration should work with all stakeholders to improve the current system. This position has also been endorsed by the California State Association of Counties (CSAC) Health and Human Services Committee.

Five years after responsibility was transferred from the County District Attorney's Office to the newly created Local Child Support Agencies (LCSA) for child support services, collection of child support payments has steadily increased. Combined with a renewed focus on customer service and customer satisfaction, California's Child Support Program was named the "Most Improved Program" in 2003 by the National Association of Child Support Enforcement (NCSEA). Additionally, CSDA and our membership continue to work effectively with the newly formed Department of Child Support Services (DCSS) to find innovative methods to improve collections, performance and cost effectiveness. We therefore do not believe that a change in direction at this time is the correct approach. Additionally, we are not convinced by the research presented that the privatization approach recommended by CPR would achieve the desired results.

With that said, CSDA has had the opportunity to further study the CPR report and it's recommendations. Please accept our additional comments concerning recommendation HHS 03 regarding privatization, the consolidation of DCSS into a newly created Health and Human Services Department, and recommendation GG 26 concerning the importance of the state/local partnership.

Privatization

CSDA has had the opportunity to survey and receive additional information on the states identified in the HHS 03 recommendation concerning child support privatization. Those states are: Arizona, Colorado, Kansas, Maryland, North Carolina, Oklahoma, Tennessee, Virginia,



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West Virginia and Wyoming. From that analysis several interesting facts were discovered that do not support the finding that privatization would necessarily lead to improvements in cost effectiveness or performance. Below are some of the highlights from the CSDA survey and information received:

- ☐ Cost effectiveness and performance were not cited in all cases as the reasons for privatization. Some states such as Arizona and Colorado cited private sector access to technology and infrastructure as a reason. Other states, such as Kansas and Oklahoma said state staffing levels and resource commitments were a major factor. In Tennessee, the state's District Attorney's Office no longer wanted to run the program, so child support was bid out to the private sector.
- ☐ Three states reported that performance had not improved as a result of privatization. A couple of states where performance did improve said improvement was due to increased state resources to the program. In West Virginia, it was stated that non-privatized counties are now equally or outperforming the privatized county.
- ☐ Customer service reviews are conducted in five of the surveyed states; in three of those states reviews are conducted by the private contractor. Three states do not conduct such reviews.
- ☐ Four states reported the private vendor was required to employ state/county staff at comparable salaries and benefits.
- ☐ Kansas reported that its experience is that privatization will not save the state money, but will probably end up costing more due to the fact that private companies will not only make a profit but will also have transition costs.
- ☐ Kansas raised a concern that full privatization holds the potential for the contractor to hold the state "hostage" in an attempt to get more money.
- ☐ Additional information received from Virginia and Maryland indicates performance issues have resulted in negative public relations as well as political oversight intervention into the privatization projects.

In short, California should be very cautious in its expectations that privatization represents a panacea for increased performance, reduced cost and greater customer satisfaction. Indeed, the federal Office of Child Support Enforcement's (OCSE) publication "A Guide to Developing Public-Private Partnerships in Child Support Enforcement" states this caution clearly when it says:

"The decision to contract out part or all of an agency's child support responsibilities to the private sector has enormous consequences for the agency and its customers. Too



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often the decision is made hastily, for the wrong reasons, and with too little information about possible costs, benefits, and alternatives. Important program partners and stakeholders are left out of the decision making process altogether, only to re-emerge later- in force – to hinder or block the privatization process."

On that line, CSDA would welcome the opportunity to discuss with the Administration and other stakeholders, concrete suggestions for program improvement within the current structure. This should occur prior to embarking on a privatization experiment that has not been thoroughly analyzed or researched concerning its impact on performance or alternatively, on our child support customers. Failure to conduct such a thorough analysis could lead to a decline in performance, a potential loss of federal funding dollars and the potential federal of additional penalties.

State DCSS Consolidation

As part of the proposed government reorganization, the CPR report recommends that the Department of Child Support Services (DCSS) be consolidated under a newly formed Health and Human Services Department. Specifically, the recommendation would place the responsibility for California's Child Support Program under a Division of Social of Social Services. That division would be responsible for multiple program areas including in addition to child support, Fraud Prevention, CalWorks/TANF, Child Welfare Services, Services to the Aging, Community Services, Food Stamps, WIC, SSI/SSP and Disability Evaluation. An undersecretary for this division would have a direct report to the HHSD secretary.

History has demonstrated that the assignment of responsibility for California's child support services under a broad social services category is not effective. The reform legislation of the late 90's recognized this, and in order to increase the visibility, voice, and performance of the program, created a stand-alone department with a direct report to the Health and Human Services Agency secretary and to the Governor. Since the transition, DCSS has demonstrated leadership in the creation of 52 local child support agencies (LCSA) which cover all of California's 58 counties. The relationship between DCSS and LCSAs has leveraged local program expertise and best practices with a stand-alone state department responsible for representing the interests, concerns and resource requirements of the program at the state level. Together, we have improved program performance, jointly developed a strategic plan and vision for the program and have worked to achieve individual and statewide performance targets.

CSDA is concerned that consolidation back into a social services division would constitute a backward step for the program. CSDA would request that if child support is moved under HHSD, that the child support program director have a direct line of report to the HHSD secretary. Ideally, in order to maintain the momentum created by earlier programmatic reform, program responsibility for child support could be contained within a separate division of HHSD.



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Ultimately, any change to the existing organization must ensure that child support enforcement remains a priority of the Administration. At a recent CSDA Membership meeting, several local child support directors indicated their concern that the child support program could once again become a "step child" under social services, and that our issues would be relegated to a lower priority versus other issues in the newly established division.

The CPR Commission may also want to evaluate whether or not programmatic responsibility for child support should reside outside of the health and human services area altogether. Given the program's emphasis on collections, legal enforcement and cost recovery, other organizations within state government which focus on such, may be appropriate for placement of the child support program.

State/Local Relationship

A positive and productive state/county relationship is critical in any programmatic area where the two governmental entities have shared responsibility and accountability for service delivery. The CPR report recognizes this principle as recommendation GG 26. CSDA strongly supports this principle and believes that whichever way the Governor chooses to reorganize state responsibility for the child support program, the voice of local child support professionals continue to be heard and given equal weight concerning the current and future direction of the program. **Adopting principles for governance and the proper framework to encourage teamwork and true participatory decision making is critical.** Additionally, CSDA agrees with GG 26's comments that state and local government must have predictable funding sources to carry out their required functions and services.

Thank you for your consideration of our comments. Should you have any questions, please contact me directly at (916) 446-6700.

Sincerely,

/s/

David Oppenheim

David Oppenheim
Executive Director
Child Support Directors Association

cc: Kimberly Belshé, Secretary, Health and Human Services Agency
Kathy Gaither, Chief Deputy, Department of Child Support Services